1. Course Objectives

This course examines the behavior of the macroeconomy through the use of carefully developed formal economic models. We will consider the causes and consequences of economy wide unemployment, underproduction, inflation, and long run economic growth. We will also consider linkages between the U.S. macroeconomy and the international economy, examining the forces that determine the dollar exchange rate and the balance of trade. The course will pay careful attention to the role of the government in the macroeconomy and its ability, or inability, to influence the behavior of key macroeconomic variables (unemployment, inflation, output and long run economic growth rates) through fiscal and monetary actions and policies directed towards the operation of labor markets, firm investment decisions, education, and the regulation of financial capital markets.

2. Evaluation of Work

Your performance evaluation will be based on your performance in ten quizzes and a final exam. Each quiz will last for 25 minutes and be graded on a twenty-point scale. Your lowest quiz score will be dropped and the remaining nine quiz scores will be added up. Your total quiz score, based on a maximum of 180 points (9 quizzes x 20 points), will converted to a percentage score out of 100. This average quiz score will count for 65 percent of your overall grade. The final, which will be a comprehensive exam covering all material in the course, will be graded on a 100 point scale and count for 35 percent of your grade. Please note that no make up quizzes or final exams will be offered. If you miss a quiz, you will be given a score of zero for that quiz. (Please recall that your overall average quiz score is based on your nine best quiz scores. So you can miss two quizzes without penalizing yourself very heavily.)

On your quizzes, you will receive a raw score (a mark out of 20 or 40) and a percentage score (the raw score converted to a mark out of 100). On a percentage or 100 point scale, grades will be allocated as follows:

A 90-100, B 80-89, C 70-79, D 60-69, F 0-59.

Please note that each week you will receive study questions to help you prepare for the quizzes and the final exam.
1. MACROECONOMIC PROBLEMS, CONCEPTS AND MEASUREMENT ISSUES

Aug. 29  Macroeconomic Issues (Chs.1 &2)

The Components of GDP, Inflation, and Unemployment: Concepts and Measurement (ch.2)

Please note that section 1 is simply a review of material presented in your Principles of Macroeconomics Course (Econ 202 at MSU).

Aug 31  The Circular Flow of Income and the Production and Distribution of Output and Income (ch.3)

Sep 2   Classical Model of National Income Determination: Aggregate Demand, Saving and Investment: Part 1 (Ch. 3)

Sep 5   LABOR DAY: NO CLASSES

Sep 7   Quiz 1:

Aggregation Demand, Saving and Investment: Part 2 (Ch. 3)

Sep 9   Models of Long Run Economic Growth: Part 1 (Ch. 8)

Sep 12  Models of Long Run Economic Growth:: Part 2 (Ch 8)

Sep 14  Quiz 2

Models of Long Run Economic Growth:: Part 3. (Ch. 9)

Sep 16  Population Growth and Technical Change in the Long Run Economy (Ch 9)

Sep 19  Endogenous Technical Change (Mankiw, Ch 9; Jones, Ch. 6)

Sep 21  Unemployment in a Full Employment Economy (Ch.7)

Sep 23  Quiz 3

Inflation and Money: The Quantity Theory of Money (Ch.5)
Sep 26  Money and Interest Rates: The Classical Dichotomy (Ch 5)
Sep 28  Money and Interest Rates: The Classical Dichotomy (Ch 5) (cont.)
Sep 30  Quiz 4

Catch up day (we are bound to get a little behind but please note that quizzes will be given on the days identified in this outline).

Oct 3  The Causes of Short Run Economic Instability (Ch 10)
Oct 5  The Causes of Economic Instability (continued)
Oct 7  Quiz 5

Aggregate Demand: The Investment Saving or IS Curve (Ch 3 and Ch 11)
Oct 10 Aggregate Demand: The Investment Saving or IS Curve (Ch 3 and Ch 11)
Oct 12 Aggregate Demand: The Liquidity Money or LM Curve (Ch 11)
Oct 14 The IS-LM model as a Model of the Economy (Ch 11)
Oct 17 Quiz 6
Oct 19 The IS-LM model as a Theory of Aggregate Demand and the Keynesian Monetarist Debate (Ch 12)
Oct 21 Policy analysis in the context of the IS-LM model (ch. 12)
Oct 24 Aggregate Supply: Part I: Four Models of Aggregate Supply (ch 14)
Oct 26 Quiz 7
Oct 28 Aggregate Supply: Part II: Four Models of Aggregate Supply (Ch 14)
Oct 31 Aggregate Supply: Part II: Four Models of Aggregate Supply (cont). (Ch 14)
Nov 2 Aggregate Supply: Part III: Inflation in the Macroeconomy (Ch 14)
Nov 4 Quiz 8
Nov 7 Policy Debates
Nov 9 Policy Debates (cont)
Nov 11  VETERANS DAY: NO CLASSES
Nov 14  Investment and Consumption Decisions (Chapters 16 and 17)
Nov 16  Quiz 9
        Investment and Consumption Decisions continued (Chapters 16 and 17)
Nov 18  Catch up day
Nov 21  The Open Economy: Basic Concepts (Ch 6 & Ch 13)

        Thanksgiving
Nov 28  The Open Economy in the Long Run (Ch 6)
Nov 30  Quiz 10
        The Open Economy in the Long Run (Ch 6)
Dec 2   The Open Economy in the Short Run: The Mundell Fleming Model (Ch 13)
Dec 5 & 7 The Open Economy under Fixed and Flexible Exchange rates (Ch 13)
Dec 9   The Big Debate: Does Fiscal Policy Ever Matter? (Ch 16)

Dec 13-18  FINAL EXAM WEEK

        The final exam for this course is to be held on December 13 from 4 p.m. to 5:50 p.m. in Linfield Room 113: